

WATER/FLC/JPT/MXK/SHI/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4604

May 25, 2006

R E S O L U T I O N

(RES. W-4604), TAHOE SWISS VILLAGE UTILITY, INC., TAHOE SWISS VILLAGE DISTRICT. ORDER AUTHORIZING A GENERAL RATE INCREASE, PRODUCING ADDITIONAL ANNUAL REVENUE OF \$43,539 OR 25.7% IN TEST YEAR 2005.

SUMMARY

By Advice Letter 13 on July 18, 2005, Tahoe Swiss Village Utility, Inc. (TSVU), a Class D water utility, wholly owned and operated by Steven M. Glazer, filed a general rate increase request for Test Year (TY) 2005 for its Tahoe Swiss District (Tahoe Swiss).

BACKGROUND

By Advice Letter 13, TSVU, a Class D water utility, requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase water revenue for Tahoe Swiss by 28.98% or \$49,526 for a 12.49% return on rate base for Test Year (TY) 2005. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return.

TSVU also requests a lifeline rate for customers meeting low income requirements, as well as a new charge for customers with an irrigation system. The irrigation charge request was subsequently withdrawn by TSVU.

Additionally, TSVU requests a one-time surcharge of \$2.80 per customer to recover fees incurred from July 1, 2004 to June 30, 2006 as a result of Department of Health Services (DHS) regulations.

As of July 1, 2005, Tahoe Swiss had 367 flat-rate customers and 3 metered-rate customers. The district is located in the Tahoe City area. For TY 2005, Tahoe Swiss collected \$165,914 from the flat-rate customers and \$2,677 from the metered customers, plus \$960 for private fire protection.

Tahoe Swiss obtains its regular water supply from its primary well at Grand Avenue and a secondary well at St. Michaels. Both wells are each capable of supplying up to 250 gallons per minute and both are connected to the same 50,000-gallon storage tank located at Sierra Vista Avenue. Each well also relies on a separate 30-horsepower pump, but neither pump is backed up by a diesel generator. Tahoe Swiss plans to add a diesel backup generator at the Grand Avenue well site and another generator at the Tahoe Swiss Booster Station.

For emergency water supply, Tahoe Swiss relies on water pumped directly from Lake Tahoe. On order of the DHS, the valve at this intake remains closed, except such times as an emergency may require it to be opened. Any water pumped from the lake during an emergency must be chlorinated at 3 parts per million in order to comply with DHS and Environmental Protection Agency regulations.

Tahoe Swiss' last general rate increase became effective on January 5, 1995 per Commission Res. No. W-3903. Since Res. No. W-3903, there have been five additional rate increases and surcharges stemming from rate base offset and recovery of DHS fees. Tahoe Swiss' present rates became effective on December 21, 2004; pursuant to Res. No. W-4516, which authorized a 3.4% rate base offset rate increase and a one-time surcharge of \$2.83 per connection for recovery of DHS-related fees. TSVU has never filed any rate increase for Tahoe Swiss to keep pace with the Consumer Price Index published by the Bureau of Labor Statistics.

NOTICE, PROTESTS, AND PUBLIC MEETING

A notice of the proposed rate increase was mailed by Tahoe Swiss to each customer on or prior to September 8, 2005. The Water Branch and Tahoe Swiss received letters from 15 customers opposed to the proposed irrigation charge. Tahoe Swiss subsequently withdrew the proposed irrigation charge during the public meeting. Most of the protests opposed to the rate increase stemmed from customer misunderstanding of the difference between recent increases arising from rate base offsets and the present general rate increase.

On October 4, 2005, a public meeting was held at the Granilbakken Resort in Tahoe City. Mr. Kazemzadeh of the Commission explained Commission rate setting procedures and Steve Glazer of Tahoe Swiss explained the reasons for the proposed rate increase. Ms. Terry Macaulay, the District Engineer for the Sacramento District of the Drinking Water Program of the DHS, was also present to answer questions relating to water quality issues. Fourteen customers, along with Fire Prevention Officer Steve Hook, from the local fire department, attended the meeting. The rest of the meeting consisted of comments and questions by the customers. The comments and questions addressed concerns about perceived inequity caused by the proposed irrigation charge,

the adequacy of mains to supply water to the fire hydrants, and disagreement between TSVU and the customers over whether there has been a general rate increase since 1994. This last disagreement stemmed from the customers' confusion of rate increases due to rate base offsets with a general rate increase.

DISCUSSION

Branch performed an independent analysis of Tahoe Swiss' summary of earnings. Appendix A shows Tahoe Swiss' and the Branch's estimates of the summary of earnings at present and requested rates for Test Year 2005. The final column shows expenses and revenues at the rates recommended by the Branch.

To ensure proper accounting of expenses used to support the rate increase, the Water Branch requested the Audit and Compliance Branch to conduct an audit of Tahoe Swiss' records. The audit was conducted by Fred Tamse from January 17 to 19, 2006. As a result of the audit, some reported expenses were restated.

In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted the operation ratio method of ratemaking as an alternative to the rate of return method on rate base for Class C and D utilities. Ordering paragraph of D.92-03-093 states:

Branch is directed to calculate rates using both return-on-rate base and operating ratio methods of ratemaking for Class C and Class D water companies requesting new rates and to recommend to the Commission the rate method that produces the higher results.

Water Division's Audit and Compliance Branch's memorandum dated February 27, 2006, recommends an operating margin of 25% as reasonable for Class D water utilities (fewer than 500 customers). Using the operating ratio method with a return on margin of 25%, Tahoe Swiss' revenue requirement is \$182,473.

For the return-on-rate base method, the February 27, 2006 memorandum also recommends a 12.75% to 13.75% rate of return for Class D water utilities. Branch has wide latitude in choosing an appropriate rate of return within this range and, for a utility with no serious violations of Commission rules and orders and with no notable service-related issues, Branch would ordinarily recommend the midpoint of the range. TSVU, however, was found during the audit to have inappropriately booked expenses from the owner's residence and other business ventures into Tahoe Swiss' expense accounts, in effect forcing Tahoe Swiss ratepayers to subsidize these activities and ventures unrelated to Tahoe Swiss' water operations. A disincentive to such inappropriate commingling of expenses in the future, Branch chose the lowest point of the range, i.e. 12.75%, as the recommended cost of capital and net rate of return on rate base. Using this rate of return, Branch calculates a revenue requirement of \$213,090.

Branch, therefore, selected the return-on-rate base method in this GRC since it produces the higher revenue requirements.

Tahoe Swiss' current rate structure consists of three schedules: Schedule No. 1A (metered rate), Schedule No. 2A (flat rate, swimming pool), and Schedule No. 4 (private fire protection).

TSVU also proposes a new late surcharge fee of \$25 to be imposed when a bill is either past due or delinquent, as defined by Tariff Rule 11, Section B.1.a. However, Resolution W-4035 specifies that the late charge for a Class D water company may not exceed \$5. Branch, therefore, recommends only a \$5 late charge per billing cycle, as shown in Schedule LC.

At the Branch's recommended rates shown in Appendix B, the semi-annual bill for a flat rate customer with a 3/4-inch service will increase from \$211.90 to \$264.03, or 24.6%. Likewise, the bill for an average metered rate customer consuming 25,000 cubic feet per six months with a 3/4-inch meter will increase from \$418.55 to \$556.16 or 32.9%. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

Plant Additions

Tahoe Swiss has developed a 5-year plan for plant additions and other infrastructure improvements:

1. Electric upgrade for Tahoe Swiss Booster Pump Station, including a switch for the generator, to be completed in 2006. Cost will be approximately \$4,500. The electrical upgrade consists of replacing the old fuse panel with a circuit breaker panel. The upgrade aims to prevent damage to the 3-phase pump motor in the event one or two phases on the fuse panel trip out. Division recommends that Tahoe Swiss be required to install this electrical upgrade and the switch for the generator.
2. Diesel-powered emergency backup generators of approximately \$35,000 each. Tahoe Swiss plans to complete installation of the generator at the Grand Avenue well site in 2006. The upper zone of Tahoe Swiss' service area has sufficient water storage capacity to last for 3 days of usage during a prolonged power outage. Water is gravity fed and has a water head of approximately 60 p.s.i. Division recommends that Tahoe Swiss be required to complete the Grand Avenue generator in 2006, followed by the St. Michaels generator in 2007.
3. Radio telemetry system for the Grand Avenue site at a cost of approximately \$20,000, to be completed within 5 years.

4. Tahoe Swiss applied for a Proposition 50 grant to construct a filter at the Tahoe Swiss Lake Intake at a cost between \$125,000 and \$1,100,000, to be completed in 5 years.
5. Tahoe Swiss also applied for a Proposition 50 grant to fund construction of a 350,000-500,000 gallon tank at Sierra Vista Avenue within 5 years, at a cost of \$500,000

Additionally, there are locations in Tahoe Swiss' service territories with either an insufficient number of fire hydrants or inadequately sized mains to serve the hydrants. Tahoe Swiss' current practice is to prioritize main replacements based on occurrence of leaks. The following three areas in decreasing order of priority are slated for main replacement:

1. Grand Well to highway at a cost of approximately \$22,000
2. East end of Cherry Street at a cost of approximately \$24,000
3. West end of Cherry Street on upper Tahoe Swiss tank zone at a cost of approximately \$22,000

Tahoe Swiss will attempt to replace undersized mains when a leak occurs, but will not generally dig up a 2-inch main for replacement simply because it is undersized. Branch finds this position unacceptable and recommends that Tahoe Swiss be directed to develop a main replacement schedule within 90 days of the effective date of the GRC resolution in order to accommodate adequate fire hydrants to comply with local and state fire codes.

Low Income Program

Tahoe Swiss has proposed the establishment of a rate assistance program for low-income customers. This proposed program, at a flat rate of \$423.80 per connection per year, would provide a 19.7% or \$104.26 discount on the yearly flat rate service charge for qualifying customers with a ¾-inch service. No discount will be offered to flat rate customers with other service sizes or to metered rate customers. Qualifying customers would certify their eligibility with the utility based on the latest annual poverty level guidelines published by the Federal Department of Health and Human Services. The certification of this eligibility for the Tahoe Swiss Low Income Program would apply for 12 months, at which time the customer would have to reapply, based on the same requirements.

Based on U.S. Census data for the year 2000, approximately 1.1% of the families (or approximately 4 households) in Tahoe Swiss' service territory has income levels that are at or below Federal poverty guidelines and will qualify for this program.

Division accepts that the requested low-income rate assistance program should be supported by a surcharge of \$1.14 per year per non-qualifying flat rate customer and \$0.57 semi-annually per non-qualifying metered rate customer. Alternatively, a memorandum account can be instituted in which all costs would be collected and at some future date those costs would be reviewed and if determined to be reasonable would be recovered from ratepayers.

Branch has reviewed the company's proposal and determined that it is reasonable. This program provides rate relief to low-income customers but does not over-burden the remaining non-qualifying customers that are responsible for funding this program. Therefore, Division recommends adoption of this low-income rate assistance program.

Conservation

The Commission, through its Water Action Plan, encourages conservation and metering of all Tahoe Swiss services under certain economic conditions. Tahoe Swiss should be required to study the cost effectiveness of metering all services and report back to the Commission within 180 days of the effective date of the GRC resolution.

COMPLIANCE

Tahoe Swiss is currently providing water service according to the standards of General Order 103, has filed its Annual Reports regularly, and there are no outstanding Commission orders requiring system improvements. Tahoe Swiss' tariffs are up to date.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. The Branch's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Branch (Appendix B) are reasonable and should be adopted.

3. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
4. The new rate assistance program for low-income customers is reasonable and should be adopted.
5. The rate increase authorized herein is justified and the resulting rates are just and reasonable.
6. Tahoe Swiss' aforementioned planned plant additions are reasonable and should be adopted.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code, Section 454, for Tahoe Swiss Village Utility, Inc. to file an advice letter incorporating the Summary of Earnings and revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently to cancel its presently effective rate Schedules Nos. 1, General Metered Service; 2, Residential Flat Rate Service; 4, Private Fire Protection Service; and LC, Late Payment Charge. The effective date of the revised schedules shall be five days after the date of filing.
2. Tahoe Swiss is authorized to increase annual revenues by \$43,539, or 25.7%, for a rate of return of 12.75% on rate base. This results in Test Year 2005 revenue of \$213,090.
3. Tahoe Swiss Village Utility, Inc. is authorized to impose a one-time surcharge of \$2.80 per customer to recover expenses for Department of Health Services fees incurred from July 1, 2004 through June 30, 2006.
4. Tahoe Swiss Village Utility, Inc. shall complete the electric upgrade for Tahoe Swiss Booster Pump Station, including a switch for the generator, in 2006. Cost will be approximately \$4,500.
5. Tahoe Swiss Village Utility, Inc. shall complete installation of a diesel-powered emergency backup generator system in 2006 at the Grand Avenue site at a cost not to exceed \$35,000 per generator, followed by another generator, if necessary, at the St. Michaels site in 2007.
6. Tahoe Swiss Village Utility, Inc. shall submit to the Commission a schedule for main replacement within 90 days of the effective date of the general rate case resolution in

order to accommodate adequate fire hydrants to comply with local and state fire codes.

7. Tahoe Swiss Village Utility, Inc. shall study the cost effectiveness of metering all its services and report back to the Commission within 180 days of the effective date of the general rate case resolution.

8. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 25, 2006; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

Appendix A
Tahoe Swiss Village Utility, Inc. -Tahoe Swiss District

Summary of Earnings
Test Year 2005

<u>Account</u>	<u>Category</u>	<u>Utility Estimated</u>		<u>Branch Estimated</u>		<u>Recommended</u>
		<u>Present</u>	<u>Requested</u>	<u>Present</u>	<u>Requested</u>	
		<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
<u>Operating Revenues:</u>						
460	Flat Rate	165,914	213,500	165,914	212,958	208,181
470	Metered	2,677	5,384	2,677	3,608	3,706
462	Private Fire Protection	960	1,511	960	1,237	1,203
	Total	169,551	220,395	169,551	217,803	213,090
<u>Operating Expenses</u>						
610	Purchased Water	0	0	0	0	0
615	Purchased Power	17,800	17,800	16,529	16,529	16,529
	Purchased Chemicals					
618	Other Volume Related Expenses	700	700	700	700	700
630	Employee Labor	7,300	7,300	7,300	7,300	7,300
640	Materials	7,106	7,106	7,106	7,106	7,106
650	Contract Work	10,766	10,766	7,076	7,076	7,443
	Water Testing					
660	Transportation Expense	8,973	9,562	8,973	8,973	8,973
664	Other Plant Maintenance Expense	308	308	308	308	308
670	Office Salaries	3,240	5,000	3,240	3,600	3,600
671	Management Salaries	17,600	24,190	24,190	24,190	24,190
674	Employee Pension and Benefits	7,592	7,592	7,592	7,592	7,592
676	Uncollectibles	55	55	55	55	55
678	Office Service & Rentals	3,240	3,240	3,360	3,240	3,240
681	Office Supplies & Expenses	6,588	7,317	5,198	5,198	5,198
682	Professional Services	1,956	1,956	1,956	1,956	1,956
684	Insurance	7,393	7,393	8,065	8,065	8,065
688	Regulatory Commission Exp.	2,500	2,500	1,055	1,055	1,055
689	General Expenses	2,289	2,289	2,289	2,289	2,289
800	minus expenses capitalized					
	Total Operating Expenses	105,406	115,074	104,992	105,232	105,599
<u>Total Deductions</u>						
403	Depreciation	20,014	20,014	20,246	20,246	20,246
408	Taxes other than Income	7,713	7,713	8,119	8,119	8,119
	Total Deductions	27,727	27,727	28,365	28,365	28,365
Total Deductions and Expenses						
		133,133	142,801	133,357	133,597	133,964
Net income before taxes						
		36,418	77,594	36,194	84,206	79,126
Income Taxes						
		6,845	23,077	8,013	21,549	19,766
Net Revenue						
		29,573	54,517	28,181	62,658	59,360
Rate Base:						
	Average Plant	791,448	791,448	815,647	815,647	815,647
	Average Depr. Res.	(330,109)	(330,109)	(331,355)	(331,355)	(331,355)
	Net Plant	461,339	461,339	484,292	484,292	484,292
Less: Advances/Contributions						
		(26,002)	(26,002)	(23,232)	(23,232)	(23,232)
Add: Materials and Supplies						
		4,560	4,560	4,560	4,560	4,560
Rate Base						
		436,586	436,586	465,620	465,620	465,620
Rate of Return						
		6.77%	12.49%	6.05%	13.46%	12.75%

Appendix B

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

An area 1-1/2 miles north on Homewood, Placer County.

RATES

Quantity rates:	<u>Per Meter Per Month</u>	
All water, per 100 cubic feet	\$1.55	(I)

<u>Per Meter Per year</u>		
Service Charge:		
For 5/8 x 3/4-inch meter	\$224.87	(I)
For 3/4-inch meter	337.31	(I)
For 1-inch meter	472.23	(I)
For 1-1/2-inch meter	1,124.35	(I)
For 2-inch meter	1,798.96	(I)

For each additional single-family Residential unit on the same premises And served from the same service Connection	\$203.59	(I)
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The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rate.

(continued)

Appendix B

Schedule No. 1A
(continued)

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges on a semiannual basis in advance of January 1 and July 1.
2. The established billing cycle for water is monthly. The billing cycle may be at longer intervals during winter season.
3. The opening bill for metered service, except upon conversion from flat rate service shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the year. The balance of the payment of the succeeding annual period. If the service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
4. A one-time surcharge of \$ 2.80 per customer shall be collected to recover the operating costs of fees imposed by the Department of Health Services incurred from July 1, 2004 through June 30, 2006. (C)
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(C)
5. A surcharge of \$0.57 recurring every 6 months shall be collected from each customers not in the Low Income Program in order to fund this program. (N)
(N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Appendix B

Schedule No. 2A

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

Rates

	<u>Per Service Connection</u> <u>Per Year</u>	
For a single-family residential unit, including premises		
Served through a 3/4-inch service.....	\$ 528.06	(I)
1-inch service.....	800.01	
1-1/2-inch service.....	1,758.44	
2-inch service.....	2,814.56	(I)
For each additional single-family residential unit on the same premises and served from the same service connection.....	\$ 369.91	(I)
For each swimming pool.....	\$ 181.24	(I)

SPECIAL CONDITIONS

1. For service covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the service charge for the same period shall be made on or before that day.

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(continued)

Appendix B

Schedule No. 2A
(continued)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS (continued)

2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges on a semiannual basis in advance of January 1 and July 1. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.
3. The opening bill for flat rate service shall be the established annual flat rate charge for service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual change by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
4. A one time surcharge of \$ 2.80 per customer shall be collected to recover the operating costs of fees imposed by the Department of Health Services incurred from July 1, 2004 through June 30, 2006. (C)
|
(C)
5. A surcharge of \$1.14 recurring every 12 months shall be collected from each customers not in the Low Income Program in order to fund this program. (N)
(N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Appendix B

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to water service furnished for private fire systems and to private fire hydrants.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

RATES

	Per Service Connection
	<u>Per Month</u>
For each inch of diameter of service connections.....	\$ 11.14 (I)

SPECIAL CONDITIONS

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 4 inches The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

(continued)

Appendix B

Schedule No. LC

LATE PAYMENT CHARGE

APPLICABILITY

Applicable to all flat rate customers with a 3/4-inch or smaller service

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES

Late Charge: A late charge of \$5.00 on unpaid balance subject to special conditions below.

SPECIAL CONDITIONS

1. The balance is unpaid and subject to a late charge if the bill is (T)
past-due, or delinquent, as defined in Rule 11, Section B.1.a. (T)
2. The late charge should be imposed only once on a delinquent bill since the
account would be shut-off before a subsequent bill and then subject to the
reconnection fee as authorized by Tariff Rule No. 11.

(D)
3. All bills are subject to the reimbursement fee as set forth on Schedule No. UF.

Appendix B

Schedule No. LIFELINE

RATE ASSISTANCE FOR LOW INCOME CUSTOMERS

APPLICABILITY

Applicable to all households on a 3/4-inch flat rate service who have annual household income falling at or below latest Federal Poverty Guidelines.

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES

Qualifying customers will pay a flat rate of \$423.80 per year.

SPECIAL CONDITIONS

1. Qualifying customers would certify their eligibility with the utility based on the latest annual poverty level guidelines published by the Federal Department of Health and Human Services. The certification of this eligibility for the Tahoe Swiss Low Income Program would apply for 12 months, at which time the customer would have to reapply, based on the same requirements.

Appendix C
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Comparison of Rates

Metered Rates

Quantity rates:

All water, per 100 cubic feet

Present Rate	Recommended Rate	Percent Increase
\$1.20	\$1.55	29.2%

Service Charge:

Per meter per year

	Present Rate	Recommended Rate	Percent Increase
For 5/8 x 3/4-inch meter	\$179.14	\$224.87	25.5%
For 3/4-inch meter	\$237.10	\$337.31	42.3%
For 1-inch meter	\$316.22	\$472.23	49.3%
For 1-1/2-inch meter	\$418.44	\$1,124.35	168.7%
For 2-inch meter	\$570.64	\$1,798.96	215.3%
Additional unit on same connection	\$161.40	\$203.70	26.1%

Flat Rates

Per connection per year

	Present Rate	Recommended Rate	Percent Increase
For 3/4-inch meter	\$423.80	\$528.06	24.6%
For 1-inch meter	\$567.80	\$800.01	40.9%
For 1-1/2-inch meter	\$1,362.20	\$1,758.44	29.1%
For 2-inch meter	\$2,342.80	\$2,814.56	20.1%
Additional unit on same connection	\$289.50	\$369.91	27.8%
Swimming pool	\$120.00	\$181.24	51.0%

Private Fire Protection Service Rates

Per inch of pipe diameter per month

Present Rate	Recommended Rate	Percent Increase
\$8.00	\$11.14	39.3%

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Comparison of Semi-Annual Bills

Over 99% (or 367 customers) of TSVU current customers are on flat-rate, with the remaining 1% (3 customers) being on meters. More meters will be added in the future as new constructions are required to have meters.

Comparison of a semi-annual bill covering six months of service for a customer with a 3/4-inch meter at metered rate is shown below:

Total service charge and quantity charge per six(6) months of usage

Usage (ccf)	At Present Rate	At Recommended Rate	Percent Increase
0	\$118.55	\$168.66	42.3%
30	\$154.55	\$215.16	39.2%
60	\$190.55	\$261.66	37.3%
100	\$238.55	\$323.66	35.7%
130	\$274.55	\$370.16	34.8%
200	\$358.55	\$478.66	33.5%
250	\$418.55	\$556.16	32.9%
300	\$478.55	\$633.66	32.4%

Comparison of a semi-annual bill covering six months of service for a customer with a 3/4-inch flat rate connection is shown below:

Flat rate connection charge per six(6) months

At Present Rate	At Recommended Rate	Percent Increase
\$211.90	\$264.03	24.6%

Appendix D

Tahoe Swiss Village Utility, Inc. – Tahoe Swiss District
Adopted Quantities
Test Year 2005

1. Purchased Power

Sierra Pacific Power company

Effective Date: January 1, 2005

Total Pumped Ccf	92,390 Ccf
Total kWh	139,248 kWh
kWh/Ccf	1.5072
Composite Power Rate(\$/KWH)	\$0.1187

2. Property Taxes

\$4,333

3. Service Connections

Meter Size	Metered Rate	Flat Rate
Potable Water		
5/8 x 3/4-inch meter		
3/4-inch meter	1	352
1-inch meter	2	11
1-1/2-inch meter		4
2-inch meter		
Additional Unit		17
Private Fire Protection		5 (total of 108 inches of pipe diameter)
Swimming Pool		1

4. DHS fees. As DHS fees are a direct pass-through to the customers, the fees are excluded from the summary of earnings table.

5. Adopted Income Taxes:

Income before Interest and Expense	\$79,126
Interest Expense	6,831
State Taxable Income	72,295
State Income Tax (8.84%)	6,447
Federal Taxable Income	72,479
Federal Income Tax	13,120

Total State and Federal Income Taxes	\$19,766
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